

A MANDATED BILL AND KEEP COMPENSATION ARRANGEMENT FOR WIRELESS TRAFFIC USING RURAL LEC NETWORKS IS NOT APPROPRIATE

The Wireless Traffic Volumes Are Significant

- Significant volumes of wireless traffic are terminating on rural LEC facilities.
- Analyses reflect that the terminating wireless MOUs being delivered are equal to approximately 13%-15% of the rural LECs' terminating access MOUs for a given month.

The Wireless Traffic Is Growing

- Wireless MOUs terminating on the rural LEC networks are growing in volume over time.
- From EOY 2001 thru EOY 2002 the wireless MOUs terminating on the rural LECs' networks increased in volume by approximately 41%.

| Monthly Wireless MOUs Compared Year End | |
|--|-------------------|
| December 31, 2001 | December 31, 2002 |
| 773,227 | 1,092,067 |

The Traffic Is Not Balanced

- There are significantly greater volumes of wireless MOUs terminating on the rural LEC landline network than there are landline MOUs terminating on the wireless network.

| | | Balance of Traffic | |
|--|---|---------------------------|--------------------------|
| Monthly Wireless MOU Destined for Rural LEC | Monthly Landline MOU Destined for Wireless | Percent Wireless | Percent Rural LEC |
| 1,092,067 | 335,486 | 76% | 24% |

Wireless Carriers are terminating a significant and growing volume of minutes on the rural LEC networks. The traffic being exchanged between wireless and landline end-users (in rural LEC service areas) is not balanced and therefore Bill-and-Keep is not appropriate for compensation purposes.